



HEALTH CARE REFORM FOR SMALL BUSINESS

What health care reform means for small businesses in Illinois

Employer requirements and small business

- Small Businesses with 50 or fewer employees will not be required to offer coverage to their workers.
- Small businesses with *more than* 50 employees that *do not offer coverage* and have at least one full-time employee who receives federal tax credits to purchase individual coverage, will have to pay a fee of \$2,000 for every full-time employee (excluding the first 30 employees).
- In 2006, over 85% of small businesses in Illinois had fewer than 20 employees.

Small businesses need health care reform

- Health insurance costs for small businesses have increased by 129% since 2000.
- Only 45% of America's small businesses can currently afford to offer health care to their workers.
- Small business health plans have higher premiums and administrative costs than large companies.
- Nearly 60% of America's uninsured are small business owners, workers, and their families.

Small business exchanges

- Qualifying small businesses will be able to join new state-based Small Business Health Options Program (SHOP) Exchanges.
- Joining these exchanges will give small businesses access to larger risk pools and will lower their administrative costs.
- Small businesses with up to 100 employees will be able to join an exchange in 2014 and starting in 2017, businesses with over 100 employees will be able to join.
- States will be able to join together to form larger, regional small business exchanges that will further reduce costs for participating small businesses.
- In the 11th Congressional District an estimated 16,400 small businesses will be eligible to join the exchange.

Tax credits for small businesses

- Small businesses will be eligible for tax credits to cover the cost of providing care to eligible employees.
- Starting in 2010, small businesses with 25 or fewer employees *and* less than \$50,000 in average wages are eligible for a tax credit if they cover at least 50% of the total premium cost for their employees.
- The tax credit is 35% for small businesses with 10 or fewer employees *and* average annual wages of less than \$25,000.
- The amount of the tax credit phases out for small businesses with between 10 and 25 employees and between \$25,000 and \$50,000 in average wages.
- Starting in 2014, the tax credit will increase to 50% for small businesses with 10 or fewer employees *and* average wages below \$25,000.
- In 2006, approximately 76% of small businesses in Illinois had fewer than 10 employees.
- In the 11th Congressional District, up to 14,800 small businesses will be eligible for these tax credits.